

**NUTRITION EDUCATION SERVICES, INC.**

**FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2013**

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**NUTRITION EDUCATION SERVICES, INC.**  
**FINANCIAL STATEMENTS**  
**WITH SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2013**

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**NUTRITION EDUCATION SERVICES, INC.  
FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2013**

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**A PROFESSIONAL ACCOUNTING CORPORATION**

.....  
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*American Institute of Certified Public Accountants*  
*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
Nutrition Education Services, Inc.  
P. O. Box 5280  
Slidell, Louisiana 70469-5280

*Report on the Financial Statements*

We have audited the accompanying financial statements of the Family Day Care Home Program of Nutrition Education Services, Inc. (a non-profit organization) as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Family Day Care Home Program of Nutrition Education Services, Inc.'s basic financial statements as listed in the table of contents.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on the component unit financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Opinions*

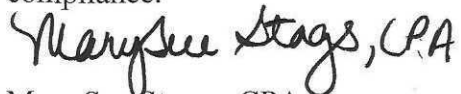
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Family Day Care Home Program of Nutrition Education Services, Inc. as of September 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters - Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the schedule of expenditures of federal awards be presented to supplement the basic financial statements. Such information, although not a part of the basic unit financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, on our consideration of the Family Day Care Home Program of Nutrition Education Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Family Day Care Home Program of Nutrition Education Services, Inc.'s internal control over financial reporting and compliance.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
March 26, 2014

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## **FINANCIAL STATEMENTS**

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**NUTRITION EDUCATION SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2013**

<u>ASSETS</u>	<u>Administrative</u>	<u>General</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets				
Cash and cash equivalents	\$ 20,028.58	\$ 23,827.87	\$ -	\$ 43,856.45
Due from Department of Education	126,023.59	-	-	126,023.59
Due from General Fund	9,839.87	-	(9,839.87)	-
Total Current Assets/Total Assets	155,892.04	23,827.87	(9,839.87)	169,880.04
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities				
Accounts payable	3,960.86	-	-	3,960.86
Accrued salaries payable	12,582.74	-	-	12,582.74
Withholding taxes and fees payable	5,998.19	-	-	5,998.19
Due to providers	103,963.59	-	-	103,963.59
Due to Administrative Fund	-	9,839.87	(9,839.87)	-
Total Current Liabilities/Total Liabilities	126,505.38	9,839.87	(9,839.87)	126,505.38
Net Assets				
Unrestricted	29,386.66	13,988.00	-	43,374.66
Total Net Assets	29,386.66	13,988.00	-	43,374.66
Total Liabilities and Net Assets	155,892.04	23,827.87	(9,839.87)	169,880.04

See Accompanying Notes and Independent Auditors' Report



**NUTRITION EDUCATION SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2013**

<u>UNRESTRICTED NET ASSETS</u>	<u>Administrative</u>	<u>General</u>	<u>Total</u>
SUPPORT AND OTHER GAINS			
Administrative reimbursement	\$ 253,254.00	\$ -	\$ 253,254.00
Fundraising and other contributions	-	9,317.90	9,317.90
Total Support and Other Gains	253,254.00	9,317.90	262,571.90
NET ASSETS RELEASED FROM RESTRICTIONS			
Restrictions satisfied by payments	1,286,207.13	-	1,286,207.13
Total Support, Other Gains and Reclassifications	1,539,461.13	9,317.90	1,548,779.03
EXPENSES			
Program services	1,290,437.62	308.44	1,290,746.06
Supporting services	251,732.17	4,188.08	255,920.25
Total Expenses	1,542,169.79	4,496.52	1,546,666.31
Increase (Decrease) In Unrestricted Net Assets	(2,708.66)	4,821.38	2,112.72
<u>TEMPORARILY RESTRICTED NET ASSETS</u>			
Support from meal reimbursements	1,286,207.13	-	1,286,207.13
Net assets released from restrictions:			
Restrictions satisfied by payments	(1,286,207.13)	-	(1,286,207.13)
Increase In Temporarily Restricted Net Assets	-	-	-
CHANGE IN NET ASSETS	(2,708.66)	4,821.38	2,112.72
NET ASSETS, BEGINNING	32,095.32	9,166.62	41,261.94
NET ASSETS, ENDING	29,386.66	13,988.00	43,374.66

See Accompanying Notes and Independent Auditors' Report



**NUTRITION EDUCATION SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2013**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from administrative reimbursements	\$ 250,956.00
Cash received from program reimbursements	1,265,997.83
Cash received from fundraising efforts	9,317.90
Cash paid for program expenses	(1,270,536.76)
Cash paid to or on behalf of employees for services	(201,920.90)
Cash paid to suppliers for goods and services	(50,543.84)
Net Cash Provided by Operating Activities	<u>3,270.23</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

-

**CASH FLOWS FROM FINANCING ACTIVITIES**

-

**INCREASE IN CASH AND CASH EQUIVALENTS**

3,270.23

**CASH AND CASH EQUIVALENTS, BEGINNING**

40,586.22

**CASH AND CASH EQUIVALENTS, ENDING**

43,856.45

**RECONCILIATION OF CHANGE IN NET ASSETS TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	2,112.72
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) decrease in assets:	
Due from Department of Education	(22,507.30)
Increase (decrease) in liabilities:	
Accounts payable	2,170.91
Accrued salaries payable	312.08
Withholding taxes and fees payable	972.52
Due to providers	<u>20,209.30</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

3,270.23

See Accompanying Notes and Independent Auditors' Report

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## NOTES TO FINANCIAL STATEMENTS

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**NUTRITION EDUCATION SERVICES, INC.**  
**INDEX TO NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NUTRITION EDUCATION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The Family Day Care Home Program of Nutrition Education Services, Inc. (hereafter referred to as the Organization) was established to provide supervised provisions of meals. It serves an average of 253 homes per month to primarily low-income, disabled, elderly or other disadvantaged residents of St. Tammany and nearby parishes. It engages in the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226.

It operates on a fiscal year ending on September 30<sup>th</sup>, and its significant accounting policies are as follows:

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits. For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Receivables**

Accounts receivable are stated at net realizable value. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers/vendors to make required payments. Because collection is expected at 100%, an allowance for doubtful accounts has not been recorded.

**Inventory**

Inventory includes only office supplies and printed materials, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying

**Property and Equipment**

Property and equipment purchased by the Organization is recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$500 or greater is generally capitalized. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

**Support and Expenses**

The Organization reports administrative and program reimbursements on the accrual basis of accounting. The amounts due to providers are also reported on the accrual basis of accounting. A donor restriction applies to the program reimbursement, and the amount is shown as temporarily restricted net assets. When the donor restriction expires, that is, when the stipulated restriction

**NUTRITION EDUCATION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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ends by payments to the providers, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted reimbursements whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Advertising costs are expensed as incurred. These totaled \$2,700 during the year.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Financial Statement Presentation**

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117 *"Financial Statement of Not-For-Profit Organization."* Under SFAS No. 117, the Organization is required to report information regarding its net assets and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect in the year this standard was adopted (1998).

**Income Taxes**

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The federal income tax returns of the company for fiscal years 2010, 2011, 2012 and 2013 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Demand deposits	\$ <u>43,856.45</u>
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Of this amount, \$20,028.58 is maintained in the administrative and provider accounts to be utilized for the family day care home program. The remaining funds are held by the General Fund and can be utilized at the discretion of management.

**NUTRITION EDUCATION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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NOTE 3 – RECEIVABLES

Receivables are stated at the amount the Organization expects to collect. Management considers all receivables to be collectible at year-end.

Receivables at year-end consist of the following:

Due from Department of Education	\$ <u>126,023.59</u>
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This represents the September 2013 reimbursement claimed and received in the subsequent month.

NOTE 4 – ACCOUNTS AND OTHER PAYABLES

Payables at year-end include the following:

Trade	\$ 3,960.86
Payroll and related	18,580.93
Providers	<u>103,963.59</u>
 Total	 <u>126,505.38</u>

Amounts due to and from the administrative and general funds were eliminated in the accompanying financial statements.

NOTE 5 – RESTRICTIONS ON NET ASSETS

Substantially all of the restrictions on net assets relate to amounts requested from the State of Louisiana, Department of Education for reimbursement to the providers of meals through the Family Day Care Home Program of the U. S. Department of Agriculture Food and Nutrition Services under 7 CFR Part 226. The amount due to providers requested but not yet received at year end has been accrued in the accompanying financial statements and is listed in the note above.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose during the year as follows:

Purpose restriction accomplished:

Meals provided	\$ <u>1,286,207.13</u>
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**NUTRITION EDUCATION SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2013**

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NOTE 7 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and supporting services have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services.

NOTE 8– CONCENTRATIONS

*Receivables and Revenues.* All receivables recorded are due from the Louisiana Department of Education, Division of Nutrition Assistance. Approximately 99% of the Organization's support is paid by the Department of Education, State of Louisiana through the U.S. Department of Agriculture Food and Nutrition Services, Family Day Care Home Program, under 7 CFR Part 226.

*Geographical Market.* The Organization is approved to operate in the parishes of St. Tammany and neighboring parishes. Volume is dependent on the willing and eligible providers in these areas.

NOTE 9 – LITIGATION

We are not aware of any pending or threatened litigation, claims or assessments that are required to be accrued or disclosed in this financial report.

NOTE 10 – SUBSEQUENT EVENTS

There were no subsequent events between the close of the fiscal year and the date of this report that would materially impact the accompanying financial statements.



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## REQUIRED SUPPLEMENTARY INFORMATION

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**NUTRITION EDUCATION SERVICES, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED SEPTEMBER 30, 2013**

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<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U. S. Department of Agriculture Food and Nutrition Services Child and Adult Care Food Program	10.558	
<b>Family Day Care Home Program</b>		
Pass-Through State of Louisiana, Department of Education Division of Nutrition		
Program services:		
Meals		\$ 1,270,228.32
Supporting services		<u>248,276.66</u>
Total Federal Award Expenditures		<u><u>1,518,504.98</u></u>

**Notes to Schedules of Expenditures of Federal Awards**  
**Year Ended September 30, 2013**

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of the Family Day Care Home Program and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

See Independent Auditors' Report

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## **SUPPLEMENTARY INFORMATION**

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**NUTRITION EDUCATION SERVICES, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2013**

<u>Account Name</u>	<u>Administrative Fund</u>		<u>General Fund</u>	
	<u>Program</u>	<u>Supporting</u>	<u>Program</u>	<u>Supporting</u>
Accounting	\$ -	\$ 2,700.00	\$ -	\$ -
Advertising/promotions	-	1,800.00	-	1,243.00
Audit fee	-	2,475.00	-	-
Bank charges	-	136.66	-	253.60
Equipment lease	-	2,578.80	-	-
Insurance - liability and general	-	580.00	-	-
Insurance - workers' compensation	-	1,895.26	-	-
Maintenance/repairs	-	2,430.00	-	-
Minute Menu	4,230.49	-	-	-
Office and supplies	-	11,744.60	-	2,691.48
Postage	-	5,272.84	-	-
Provider payments	1,286,207.13	-	308.44	-
Salaries	-	185,408.45	-	-
Taxes - payroll	-	17,797.05	-	-
Telephone	-	1,920.86	-	-
Training	-	851.19	-	-
Travel	-	10,094.84	-	-
Utilities	-	4,046.62	-	-
Total Functional Expenses	1,290,437.62	251,732.17	308.44	4,188.08

See Independent Auditors' Report

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*Association of Governmental Accountants*  
*Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Trustees of  
Nutrition Education Services, Inc.  
P. O. Box 5280  
Slidell, Louisiana 70469-5280

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Family Day Care Home Program of Nutrition Education Services, Inc., as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Family Day Care Home Program of Nutrition Education Services, Inc.'s basic financial statements, and have issued our report thereon dated March 26, 2014.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Family Day Care Home Program of Nutrition Education Services, Inc.'s, financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

*Internal Control over Financial Reporting*

In planning and performing our audit, we considered the Family Day Care Home Program of Nutrition Education Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the

purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Family Day Care Home Program of Nutrition Education Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Family Day Care Home Program of Nutrition Education Services, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
March 26, 2014



**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

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*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Trustees of  
Nutrition Education Services, Inc.  
P. O. Box 5280  
Slidell, Louisiana 70466-5280

**Report on Compliance for Family Day Care Home Program**

We have audited the compliance of the Family Day Care Home Program of Nutrition Education Services, Inc. (a nonprofit organization) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2013.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the Family Day Care Home Program of Nutrition Education Services, Inc.'s compliance based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Family Day Care Home Program of Nutrition Education Services, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Family Day Care Home Program of Nutrition Education Services, Inc. However, our audit does not provide a legal determination of Nutrition Education Services, Inc.'s compliance.



### ***Opinion***

In our opinion, Nutrition Education Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Family Day Care Home Program for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Nutrition Education Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Nutrition Education Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose expressing an opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nutrition Education Services, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirement of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
March 26, 2014

**MARY SUE STAGES, CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

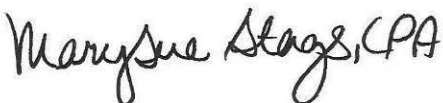
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*Louisiana Society of Certified Public Accountants  
American Institute of Certified Public Accountants  
Association of Governmental Accountants  
Governmental Audit Quality Control Center*

**INDEPENDENT AUDITORS' REPORT  
ON CLAIMS FOR REIMBURSEMENT**

To the Board of Trustees of  
Nutrition Education Services, Inc.  
P. O. Box 5280  
Slidell, Louisiana 70469-5280

We have examined the accompanying claims for reimbursements (Audited Statements of Claims attached) submitted by the Family Day Care Home Program of Nutrition Education Services, Inc. under the FDCH program. Our examination was made in accordance with auditing standards established by the American Institute of Certified Public Accountants and with generally accepted government auditing standards established by the Comptroller General of the United States and included tests of programs and accounting records prescribed by the USDA-OIG guide for audits of this program. In our opinion, the aforementioned claims present fairly the number of meals or supplements eligible for reimbursement for the period October 1, 2012 through September 30, 2013.



Mary Sue Stages, CPA  
A Professional Accounting Corporation  
Baker, LA  
March 26, 2014

**NUTRITION EDUCATION SERVICES, INC.**  
**AUDITED STATEMENT OF CLAIMS**  
**YEAR ENDED SEPTEMBER 30, 2013**

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REIMBURSEMENT PER AUDIT

Administrative	\$ 253,254.00
Program - meals	<u>1,286,207.13</u>
Total Reimbursement Per Audit	1,539,461.13

REIMBURSEMENTS CLAIMED AND RECEIVED

Administrative	253,254.00
Program	<u>1,286,207.13</u>
Total Reimbursement Claimed and Received	<u>1,539,461.13</u>

(OVER) UNDER CLAIMS

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See Independent Auditors' Report

**NUTRITION EDUCATION SERVICES, INC.**  
**SCHEDULE OF MEALS SERVED AND PROGRAM REIMBURSEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2013**

	NUMBER SERVED BY MEAL TYPE					
<u>MEALS SERVED</u>	<u>Breakfast</u>	<u>Lunch</u>	<u>Supplements</u>	<u>Supper</u>	<u>Total</u>	
<i>FROM OCTOBER 1, 2012 TO JUNE 30, 2013</i>						
Tier 1	94,854	130,660	196,451	147,272	569,237	
Reimbursement rate	1.27	2.38	0.71	2.38		
Sub-total Tier 1	\$ 120,464.58	\$ 310,970.80	\$ 139,480.21	\$ 350,507.36	\$ 921,422.95	
Tier 2	503	1,600	1,577	1,355	5,035	
Reimbursement rate	0.46	1.44	0.19	1.44		
Sub-total Tier 2	\$ 231.38	\$ 2,304.00	\$ 299.63	\$ 1,951.20	\$ 4,786.21	
Total for period	\$ 120,695.96	\$ 313,274.80	\$ 139,779.84	\$ 352,458.56	\$ 926,209.16	
<i>FROM JULY 1, 2013 TO SEPTEMBER 30, 2013</i>						
Tier 1	29,488	53,687	72,725	58,317	214,217	
Reimbursement rate	1.28	2.40	0.71	2.40		
Sub-total Tier 1	\$ 37,744.64	\$ 128,848.80	\$ 51,634.75	\$ 139,960.80	\$ 358,188.99	
Tier 2	275	574	652	499	2,000	
Reimbursement rate	0.47	1.45	0.19	1.45		
Sub-total Tier 2	\$ 129.25	\$ 832.30	\$ 123.88	\$ 723.55	\$ 1,808.98	
Total for period	\$ 37,873.89	\$ 129,681.10	\$ 51,758.63	\$ 140,684.35	\$ 359,997.97	
TOTAL MEALS SERVED	125,120	186,521	271,405	207,443	790,489	
TOTAL REIMBURSEMENT	\$ 158,569.85	\$ 442,955.90	\$ 191,538.47	\$ 493,142.91	\$ 1,286,207.13	

See Independent Auditors' Report

**NUTRITION EDUCATION SERVICES, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED SEPTEMBER 30, 2013**

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**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Family Day Care Home Program of Nutrition Education Services, Inc.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the Family Day Care Home Program of Nutrition Education Services, Inc. were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for the Family Day Care Home Program of Nutrition Education Services, Inc. expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs included: U.S. Department of Agriculture Food and Nutrition Services, Child and Adult Care Food Program (10.558).
8. The threshold for distinguishing Types A and B programs was \$500,000.
9. The Family Day Care Home Program of Nutrition Education Services, Inc. qualified as a low-risk auditee.

**FINANCIAL STATEMENTS AUDIT**

None

**MAJOR FEDERAL AWARDS PROGRAM AUDIT**

None

**NUTRITION EDUCATION SERVICES, INC.  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
YEAR ENDED SEPTEMBER 30, 2013**

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**Section I      Internal Control and Compliance Material to the Financial Statements**

N/A

**Section II      Internal Control and Compliance Material to Federal Awards**

N/A

**Section III      Financial Statement Findings**

N/A

**Section IV      Management Letter**

N/A